

DELPHI

Health Care Modifications

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Salaried Health Care - U.S.

Purpose

- ◆ **Information regarding Salaried Retiree Health Care changes**

Process

- ◆ **Presentation and discussion**

Product

- ◆ **Awareness and understanding of program changes**

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DELPHI Salaried Health Care – U.S.

- ◆ **Currently have approximately 15,000 salaried employees**
 - Pre-1/1/93 with Delphi health care in retirement: 9,100
 - Post-12/31/92 but Pre-1/1/01 with no corporation subsidy but receiving additional 1% in SSPP: 4,600
 - Post-12/31/00 with no corporation subsidy and no additional SSPP: 1,300
 - Post-12/31/92 employees may purchase health care in retirement from Delphi
- ◆ **Approximately 4,000 retirees**
- ◆ **Current plans provide same scope and level of benefits to employees and retirees**

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Salaried OPEB

- ◆ **Other Post-Employment Benefits (OPEB) liability represents present value of the cost of providing health care and life insurance benefits in retirement**
- ◆ **Annual OPEB expense is based on amortization of the liability over the working life of an employee**
- ◆ **Post-employment health care is not competitive**
 - Number of employers providing it decreased from 66% to 36% between 1988 and 2004
 - Many employers have already capped or eliminated all post-employment health care
 - Post-employment health care coverage is not prevalent in the industries in which we compete

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DELPHI Program Provisions

◆ Discontinue Delphi Health Care when salaried employees:

- Retire; and
- Become eligible for Medicare in the normal course
(i.e., age 65 or older, not as result of disability or
end stage renal disease)

◆ Continue paying for Medicare Special Benefit (for Pre-1993 Hires)

- Assists with Medicare Part B Premiums

◆ Applies to Actives and Retirees

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DELPHI Program Provisions

- ◆ **Transition Account based on retirement date**
 - Only applies to pre-1993 Hires
 - Retired on or before 3/1/05: \$20,000
 - Retired after 3/1/05: \$10,000
- ◆ **Coverage change effective January 1, 2007**
- ◆ **Reduces OPEB Liability by well over \$0.5 billion**
- ◆ **Annual OPEB expense reduced over \$100 million**

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Retiree Provisions (Hired Before 1993)

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Current	New
Delphi coverage until Medicare eligible	No Change
When Medicare eligible, Medicare (Parts A & B) becomes Primary Medical Coverage	No Change
Delphi is Secondary Medical Coverage	Medigap is Secondary Medical Coverage
Delphi provides prescription drug coverage	Medicare (Part D) provides prescription drug coverage

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Retiree Provisions (Hired Before 1993)

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Current	New
Retiree pays Part B Premium to Medicare	No Change
Delphi pays Medicare Special Benefit to retiree to help with Part B Premium	No Change
Retiree pays Monthly Contribution to Delphi for Delphi Coverage	Retiree pays Part D Premium to Medicare and Medigap Premium to Carrier
	Delphi provides Transition Account

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Summary

- ◆ **Post-employment Health Care coverage not a prevalent practice in the industries in which we compete**
- ◆ **Delphi is maintaining post-employment health care prior to Medicare eligibility**
- ◆ **Providing financial assistance in the form of transition account (pre-1993 hires only)**

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Summary

- ◆ **Effective 1/1/07 to allow time for planning**
 - Medicare Part D
 - Medigap “Guaranteed Issue”
- ◆ **Change is a competitive necessity to maintain strong and viable company**
- ◆ **Strong and viable company is the only way to protect other benefits**

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Q & A Slides

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Medicare Part A

◆ Covers Inpatient Hospital and Skilled Nursing Facility Care

◆ Premium: None

◆ Cost Sharing (2005):

– Hospital Care

» Day 1-60:	\$912 deductible
» Day 61-90:	\$219 co-pay per day
» Day 91-150:	\$438 co-pay per day
» Over 150 day:	All cost

– Skilled Nursing Facility

» Day 1-20:	\$0 per day
» Day 21-100:	Up to \$110 co-pay per day
» Over 100 Days:	All cost

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DELPHI Medicare Part B

◆Part B (Outpatient and Medical Services)

- Covered Services**
 - » Outpatient Surgeries
 - » Office Visits
 - » Ambulance
 - » Lab/X-rays
- Premium (2005):** **\$940 annually per person**
- Cost Sharing (2005):**
 - » Deductible: **\$110 annually per person**
 - » Coinsurance: **20% of allowed charges**

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Medicare Part D

◆Part D (Prescription Drugs; effective 1/1/06)

- Premium:** \$420 annually per person
- Deductible:** \$250 annually per person
- Coinsurance:** 25% of the next \$2,000 of expense;
100% of expenses between \$2,250 and \$5,100; and
5% of all expenses above \$5,100
(i.e., after Retiree Out-of-Pocket [deductible + coinsurance] reaches \$3,600).

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DELPHI Major "Gaps" in Medicare

- ◆ Multiple Hospitalizations
- ◆ Hospitalizations lasting more than 60 days
- ◆ Skilled Nursing stays lasting more than 20 days
- ◆ Prescription Drugs (\$2,250 to \$5,100 is 100% retiree paid)
- ◆ Custodial Care
- ◆ Hearing Aids
- ◆ Substance Abuse Treatment
- ◆ Routine Dental Care
- ◆ Routine Vision Care

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DELPHI Filling the “Gaps” - Dental/Vision

- ◆ Delphi coverages that may be continued (at retiree expense) after becoming eligible for Medicare:
 - Extended Care Coverage (ECC)
 - Dental
 - Vision
- ◆ Extended Care Coverage (ECC), Dental and Vision may each be continued independently of the others or in any combination
- ◆ The election to continue any or all coverages must be made within 60 days of becoming Medicare eligible
- ◆ If coverages are ever discontinued (e.g., for non-payment, etc.), the enrollee will not be allowed to re-enroll

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DELPHI Transition Account

- ◆ **Amount per retiree based on retirement date**
 - \$20,000: Retired on or before March 1, 2005
 - \$10,000: Retired after March 1, 2005
- ◆ **Applies to pre-1993 hires only**
- ◆ **At the point of Medicare eligibility, Delphi will create a “notional” account that can be utilized to defray the cost of other coverage**
- ◆ **This Health Reimbursement Account allows unused amounts to be rolled over to subsequent years**

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Transition Account

- ◆ **This account can be used by retirees to reimburse themselves for premiums paid for other coverage (e.g., Medigap, Medicare Part B, Medicare Part D)**
- ◆ **The account does not accumulate interest, is not funded, is not a taxable event and the retiree may not elect to cash it out**
- ◆ **Delphi contributes cash only when retirees seek reimbursement for eligible expenses**

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Medigap Coverage

- ◆ **Medigap: a health insurance policy sold by private insurance companies to fill the “gaps” in the original Medicare plan**
- ◆ **Must follow federal and state law**
- ◆ **Guaranteed renewable if premiums continue to be paid**
- ◆ **Open enrollment period available when first enrolled in Part B**
 - **Waives medical underwriting**
 - **Applies employer coverage to pre-existing condition exclusion period**

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Medigap Plan Benefits

- ◆ **Ten standardized plans (“A” through “J”) offering increasing benefits**
 - “A” covers Basic Benefits only
 - “B” through J” cover additional benefits
- ◆ **Basic Benefits (Included in All Plans)**
 - Inpatient Hospital Care: Covers the Part A coinsurance and the cost of 365 extra days of hospital care during lifetime after Medicare coverage ends.
 - Medical Costs: Covers the Part B coinsurance (generally 20% of the Medicare-approved payment amount).
 - Blood: Covers the first 3 pints of blood each year.
- ◆ **Additional Benefits (depending on Plan)**
 - Skilled Nursing Coinsurance
 - Part A and/or Part B deductibles
 - Foreign Travel Emergency

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Standard Medigap Plans (2005)

PART 1 - MEDIGAP BASICS

A	B	C	D	E	F	G	H	I	J
Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit	Basic Benefit
		Skilled Nursing Coinsurance	Skilled Nursing Coinsurance	Skilled Nursing Coinsurance	Skilled Nursing Coinsurance	Skilled Nursing Coinsurance	Skilled Nursing Coinsurance	Skilled Nursing Coinsurance	Skilled Nursing Coinsurance
	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible
		Part B Deductible			Part B Deductible				Part B Deductible
					Part B Excess (100%)	Part B Excess (80%)		Part B Excess (100%)	Part B Excess (100%)
		Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency
			At-Home Recovery			At-Home Recovery		At-Home Recovery	At-Home Recovery
							Basic ¹ Drug Benefit (\$1,250 Limit)	Basic ¹ Drug Benefit (\$1,250 Limit)	Extended Drug Benefit ² (\$3,000 Limit)
				Preventive Care					Preventive Care

1: 50% coverage after \$250 deductible, \$1,250 calendar year maximum benefit
2: 50% coverage after \$250 deductible, \$3,000 calendar year maximum benefit

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DELPHI Dependent Provisions

- ◆ **Non-Medicare eligible dependents of a Medicare eligible retiree will be allowed to continue coverage under the Delphi program for as long as they:**
 - Meet normal dependent provisions; and
 - Are not Medicare eligible in the normal course.
- ◆ **Medicare eligible dependents of a non-Medicare eligible retiree will be covered under the Delphi program until the retiree becomes Medicare eligible.**
- ◆ **Subject to normal contribution provisions**
- ◆ **If coverage is ever discontinued for a dependent after the retiree becomes Medicare eligible, it may not be reinstated.**

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